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ABSTRACT

In an effort to determine the extent to which Arkansas community and technical colleges have been affected by budgetary restraints, changing enrollments, unstable state support, and other problematic factors during academic years 1989-90 through 1991-92, a survey was administered to all 9 community colleges and 10 technical colleges. Survey results, based on responses from 56% of the community colleges and 100% of the technical colleges, included the following: (1) the mean full-time equivalent enrollment for the 3-year period under study increased by 62% for the technical colleges, from 226 students in 1989-90 to 364 students in 1991-92; (2) while average community college budgets increased by 33.7% and technical college by 30%, these increases have not been sufficient to meet the demands of increased enrollments; (3) 80% of the community colleges and 90% of the technical colleges increased tuition during the period; (4) between 80% and 100% of the institutions reported deferring expenditures for maintenance, purchases of equipment, and new construction; (5) all institutions reported involvement in contract training as an institutional advancement activity; (6) 80% of the community college respondents indicated that Arkansas's current financial allocation methods were unreasonable and/or unfair; and (7) technical colleges expressed a greater desire than community colleges to participate in staff development programs. A literature review, a review of study implications for practice, data tables and graphs, and 14 references are included. (PAA)

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ASSESSING THE FINANCIAL AND INSTITUTIONAL CONCERNS OF ARKANSAS COMMUNITY AND TECHNICAL COLLEGES: A MODEL APPROACH

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Running Head: Assessing Financial and Institutional Concerns

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Abstract

Arkansas community and technical colleges were surveyed to determine the extent to which these institutions have been affected, during the past three years, by tight budgets, volatile enrollments, unstable state support, and other unfavorable forces. In addition, information was requested concerning methods used by these institutions to address such problems. The survey instrument collected data pertaining to institutional demographics, budgetary trends, tuition trends, faculty issues, expenditure control methods utilized, institutional advancement activities, projections as to future financial directions, and staff development needs.

The findings indicate that enrollments at most Arkansas community and technical colleges are increasing and budgets are growing, but often in amounts inadequate to compensate for rising costs. Arkansas two-year institutions are responding to this challenge by raising tuition, increasing the use of part-time faculty, and seeking new sources of revenue. Staff development needs were identified for those functional areas where additional training and development will enhance the ability of staff members to respond to changing economic conditions.

This survey has the potential to be replicated in other community college systems, thus serving as a model for assessing the financial and institutional concerns of community and technical colleges nationwide.

Assessing the Financial and Institutional Concerns of Arkansas Community and Technical Colleges: A Model Approach

INTRODUCTION

During the 1960s and 1970s, community and technical colleges across the United States experienced considerable growth. Many institutions added new educational and operational programs, expanded their faculty and staff, constructed new facilities, and opened their doors to an ever increasing number of students.

By the late 1970s and early 1980s, however, these conditions began to change. General economic conditions across the country declined, inflation reached record highs, federal and state budgets tightened, and the public began to demand that taxes be reduced. These changing conditions, which continue today, have resulted in many community and technical colleges being funded at levels that are inadequate to maintain certain necessary programs and/or expand into promising new educational areas that could benefit the colleges' diverse constituencies.

LITERATURE

A review of the literature reveals considerable concern among community and technical college experts related to the effects of these financial conditions, and the required responses from college leaders. According to numerous community college educators (Angel and DeVault, 1991; Blong and Bennett, 1991; Bock and Sullins, 1987; Brightman, 1989; Cage, 1991; Coomes, 1988; Edwards and Tueller, 1991; Evans, 1986; Fonte, 1987; Lestina and Curry, 1989; McKeown, 1989; Temple, 1986; Walters, 1987; and Wattenbarger and Vader, 1986), community and technical college leaders must develop a proactive approach to their financial and management problems.

Such an approach will require college leaders to:

1. Develop new sources of revenue such as foundation grants, planned giving programs, and capital campaigns;
2. Examine their existing educational and operational programs and reduce or eliminate programs that no longer significantly contribute to the institution's mission;
3. Expand into promising new areas such as contract training and auxiliary services;
4. Distinguish management methods that can truly help the college from those methods (such as hiring freezes and across-the-board budget cuts) that only serve to reduce the morale of the faculty and staff without having any significant and lasting effect on the institution's operations.

In addition, these scholars emphasize that college officials today must develop plans for addressing potential problems resulting from.

1. Recent changes in federal student aid programs;
2. Growing complexity of state funding formulas;
3. Competition among two year and four year colleges for students, funding, and public support;
4. Demands from the public for more financial and educational accountability;
5. Expanding enrollments and declining real dollar budgets.

Given the above, a research study was designed to collect various financial, institutional, and managerial information from community and technical colleges for the purposes of ascertaining: (a) the extent to which such institutions have been affected by tight budgets, volatile enrollments, unstable state support, and other unfavorable forces; (b) the methods being

utilized by college leaders to address the specific problems caused by these forces; and (c) staff development needs of these institutions. The survey instrument which was field tested in Arkansas has application to community and technical college systems across the country. The ensuing discussion focuses on a review of the Arkansas research results.

METHOD

To obtain the desired information, a questionnaire was developed based upon a comprehensive review of the literature. The survey instrument solicited the following information from Arkansas' nine community colleges and ten technical colleges for academic years 1989-90, 1990-91, and 1991-92. (A three year period was used for the purpose of identifying significant trends.)

1. Demographics - full-time equivalent enrollments, location of institution, and age.
2. Budgetary trends - total operating budgets, sources of revenue, curricular priorities based upon budget allocations, and methods used to address budgetary shortfalls.
3. Tuition trends - information as to tuition increases and availability of prepaid tuition plans.
4. Faculty trends - data related to number of full-time versus part-time faculty, advantages and disadvantages of using part-time faculty, and faculty work load.
5. Expenditure controls - control practices utilized to offset financial shortfalls.
6. Institutional advancement activities - information about institutional efforts in the areas of fund raising, procuring grants, fostering community relations/governmental affairs, developing contract training programs, and creating partnerships with other colleges.

7. Future financial directions - information as to the views of college officials related to the equity of Arkansas' current allocation methods and perceptions as to taxpayers' willingness to further support Arkansas community and technical colleges via tax increases.
8. Staff development needs - information as to staff development needs in the areas of institutional advancement (i.e. fund raising, grantsmanship, contract training, community relations) and management (i.e. budgeting, cost accounting, controlling expenditures, time management, and total quality management).

A survey strategy included written and telephone follow-up to institutions not responding or responding with incomplete information. In total, responses were received from 56% (or five) of Arkansas' nine community colleges and 100% (or 10) of the state's ten technical colleges. Four community colleges failed to respond for a variety of reasons including inadequate and/or new staffing and concerns about possible political consequences of answering certain questions.

RESULTS

Demographics

In the area of demographics, three types of information were solicited: (a) full-time equivalent students for academic years 1989 through 1991, (b) institutional location, and (c) college age.

In relation to full-time equivalent students (FTE), the mean enrollment for the technical colleges in the 1989-90 academic year was 226 (high 564, low 90) whereas the mean enrollment in the 1991-92 academic year was 364 (high 628, low 110). This represents a 62% increase in mean enrollment during this three year period. Of the five community college respondents, only four were

able to provide FTE information and one of the four has been in operation only two years. For the remaining three community college respondents, growth patterns were erratic. Two colleges experienced considerable growth, whereas one college experienced a 20% drop in enrollment due to reduction in service area.

As to location, 70% of the technical colleges operate in a rural environment; whereas 30% operate in an urban setting. The community colleges followed similar patterns, with 60% of the respondents indicating their location as rural, 20% urban, and 20% suburban.

The ages of the institutions range from one year to thirty-three years for technical colleges and from two years to nineteen years for the community colleges. The average age of the technical colleges is 20 years whereas the average age of the community colleges is 15 years. However, it should be noted that the technical institutions were only recently elevated to college status.

Budgetary trends

The total revenues of Arkansas community and technical colleges grew considerably between academic years 1989-90 and 1991-92 (see figures 1 and 2), but not at a pace commensurate with the increase in enrollment.

Figure 1. Budgetary Patterns of Arkansas Community Colleges: 1989 - 1991

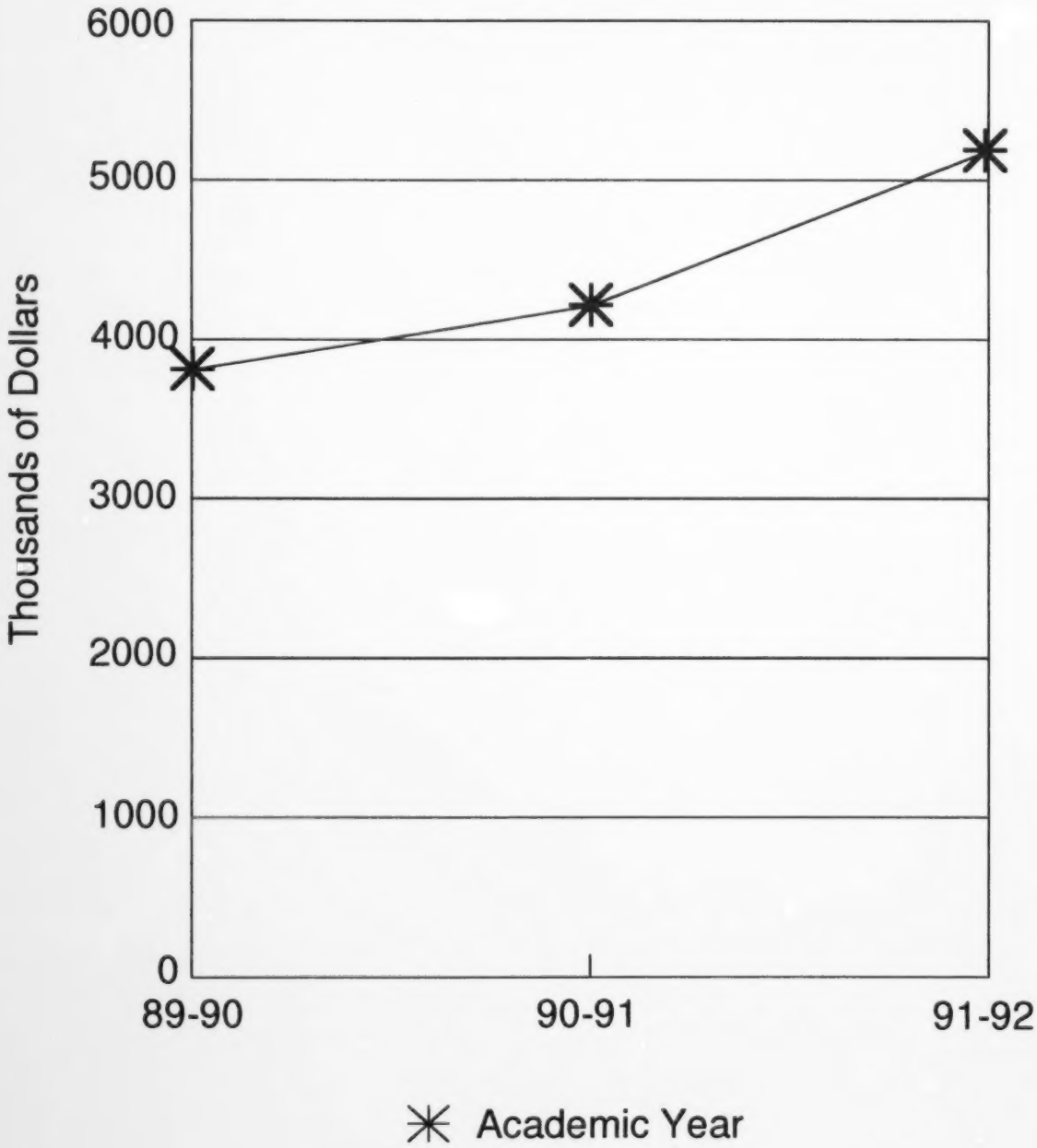
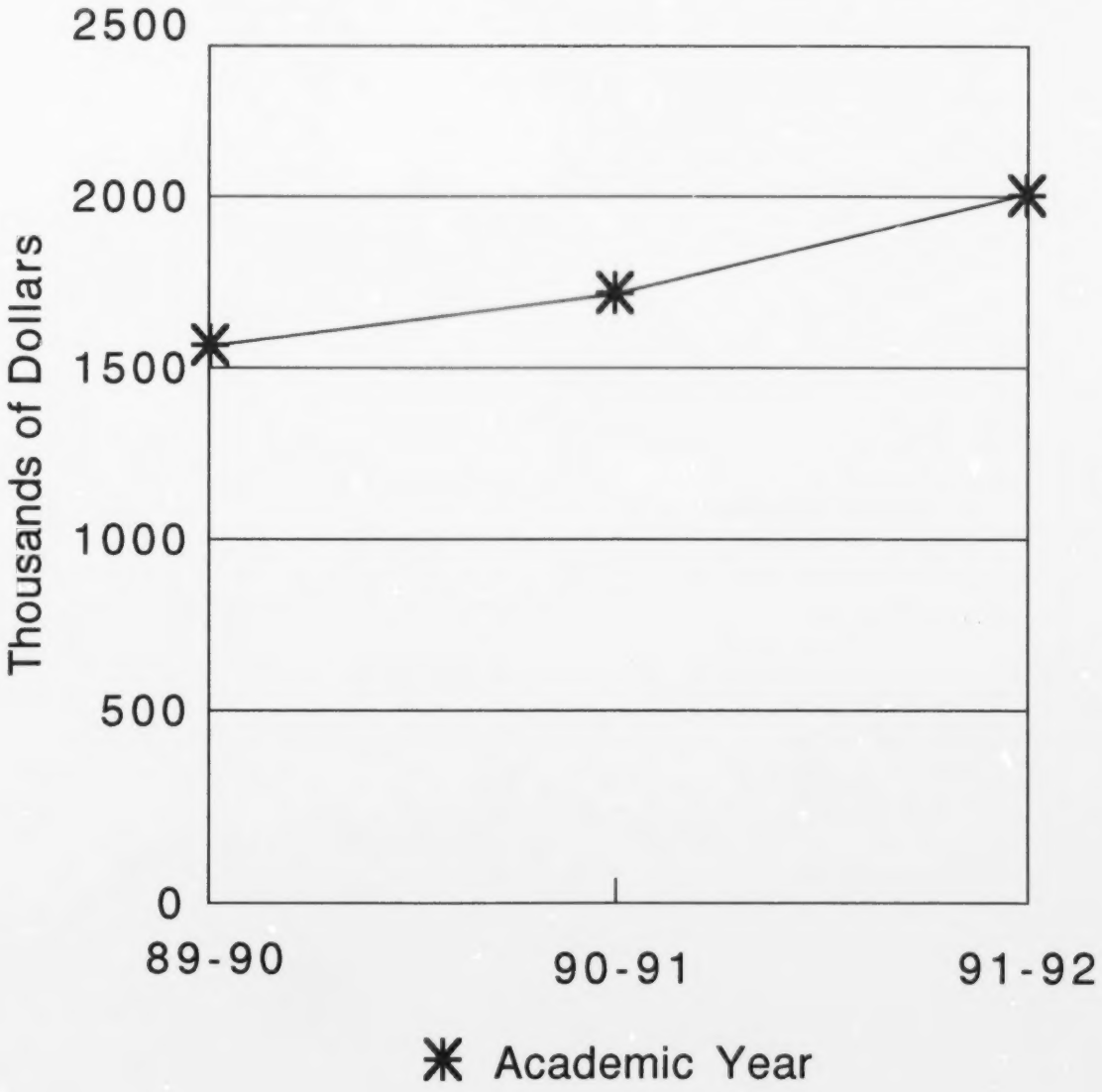


Figure 2. Budgetary Patterns of Arkansas Technical Colleges: 1989 - 1991



The average community college budget increased from $3,882,511 in academic year 1989-1990, to $5,189,114 in academic year 1991-1992, an increase of 33.7%. The average technical college budget grew from $1,534,248 in 1989-1990 to $1,992,796 in 1991-1992, an increase of 30%. Despite these increases, 60% of the responding community colleges and 20% of the technical colleges have found it necessary during the past three years to reduce or eliminate some curricular functions and/or reallocate resources among other curricular functions. These conditions would seem to indicate that the missions and roles of Arkansas community and technical colleges are growing faster than their budgets. In response to these financial constraints, several community colleges have been aggressive in the development of new revenue sources (e.g., private giving, grants, local aid, and fees). To date, the technical colleges have not been as aggressive in developing new sources of revenue.

Tuition trends

During the past three years, 80% of the community colleges and 90% of the technical colleges in Arkansas have found it necessary to increase tuition. Tuition increases between 1989 and 1991 at the four responding community colleges averaged 16% for in-district students, 21% for out-of-district students, and 37% for out-of-state students. Nine of the ten technical colleges reported raising their in-district tuition between 1989 and 1991. The average increase at these institutions was 30%. In relation to out-of-district and out-of-state tuition increases, two technical colleges increased out-of-district tuition and three community colleges raised out-of-state tuition.

A current trend in many colleges is to offer prepaid tuition plans. Interestingly, none of the Arkansas community or technical colleges are currently offering such plans.

Faculty trends

Arkansas community and technical colleges, like most two-year institutions across the country, utilize part-time faculty. During the three-year period between 1989 and 1991, the typical community college in Arkansas had 59 part-time faculty members, as compared to 36 full-time faculty members. Technical colleges, on the other hand, relied less heavily on part-time instructors, having, on the average, 23 full-time faculty members and 11 part-time faculty members.

The survey respondents identified the following advantages and disadvantages of using part-time faculty.

Advantages

1. Cost savings in both salaries and fringe benefits;
2. Special skills and knowledges of part-time faculty often enhance students' educational experiences;
3. Flexibility in staffing.

Disadvantages

1. Often are more difficult to supervise;
2. Lack a sense of institutional commitment;
3. Not exposed to the total college program nor to college policies;
4. Inaccessibility to students;
5. Lack of teaching continuity.

In regard to faculty work load, the survey did not provide any unusual results. For example, during academic year 1991-1992, a typical community college faculty member taught 5 classes encompassing 15 class hours with

approximately 21 students per class. Technical college faculty members, on the other hand, taught, on the average, 6 classes encompassing 19 class hours with an average of 18 students per class.

Expenditure controls

Arkansas community and technical colleges currently use a variety of methods for controlling expenditures (see table 1).

Table 1

Expenditure Control Practices of Arkansas Community and Technical Colleges

Percentage of Colleges Using the Following Cost Control Methods

	College Type	
	Community	Technical
Restrict faculty travel	100%	90%
Restrict staff travel	100	90
Reduce faculty development	40	20
Reduce staff development	40	20
Defer maintenance	80	80
Reduce non-profitable programs	60	70
Eliminate non-profitable programs	40	60
Reduce the number of course sections	20	20
Place a limitation on enrollment	40	10
Defer purchases of equipment	100	100
Defer new construction	80	100
Implement hiring freezes	100	90
Initiate across-the-board cuts	none	60
Reduce selected department budgets	100	80
Lay-off faculty	none	none
Lay-off staff	none	none
Increase teaching loads	40	30
Increase class size	80	30
Implement salary freezes	none	40
Reduce fringe benefits	none	none
Obtain temporary operating loans	none	none

The most noteworthy item on this table indicates that between 80% and 100% of the community and technical colleges are deferring expenditures for maintenance, purchases of equipment, and new construction. While such measures provide short term budgetary relief, they may, in the long run, cause considerable problems as facilities and equipment become worn out and cease to adequately serve their educational or operational function.

Institutional advancement activities

Most Arkansas community and technical colleges are not extensively involved in advancement activities such as planned giving programs, capital campaigns, soliciting life insurance bequests, and donations from alumni. Both types of institutions, however, aggressively solicit equipment donations from local companies. In addition, community colleges, as a whole, actively solicit grants from governmental agencies and private foundations.

In the area of community relations and governmental affairs, 100% of the community college and 80% of the technical college respondents are engaged in efforts to garner public and/or governmental support. At the majority of these institutions, those individuals most often involved in these activities include the president and members of the board of trustees.

Finally, all colleges surveyed reported involvement in contract training as an institutional advancement activity. Of interest, however, were the responses related to the financial impact of these programs. Sixty percent of the community colleges and 90% of the technical colleges indicated that their contract training fees only covered the expenses associated with these programs.

Future financial directions

Survey questions about future financial directions centered on the views of the community and technical college leaders as to Arkansas' funding

formulas and their perceptions as to local taxpayer willingness to provide additional support to their institutions via tax increases. In the area of state funding, 80% of the community college leaders and 10% of the technical college leaders indicated that Arkansas current allocation methods were unreasonable and/or unfair. Specific comments related to this subject were as follows.

1. Formulas themselves are fair; however, funding does not always follow the formulas;
2. Formulas should be more closely tied to enrollments;
3. Past funding formulas favored four-year colleges;

In regard to public support, 20% of both the community and technical colleges reported that the taxpayers in their district approved a tax increase during the past three years that provided additional financial support to their college. In addition, 20% of the community colleges and 40% of the technical colleges indicated that their district's taxpayers would most likely support a tax increase for the construction of new facilities or the purchase of new equipment. However, none of the community or technical colleges indicated that their district's taxpayers would approve a tax increase to compensate the college for shortfalls in operating budgets.

Staff development needs

Technical colleges expressed a greater desire than community colleges to participate in staff development programs. This condition may be a direct result of a recent structural change at the Arkansas Department of Higher Education wherein technical institutions were elevated to college status and provided more autonomy in their operational and financial decision making processes. Table 2 provides specific data related to staff development needs by type of institution.

Table 2

Staff Development Needs

Percentage of Colleges Expressing an Interest in Participating in Staff Development Programs

Program	College Type	
	Community	Technical
Fund raising	60 %	100%
Grantsmanship	40	100
Contract Training	20	80
Community Relations/ Governmental affairs	none	100
Budgeting	none	70
Cost Accounting	none	70
Controlling Expenditures	20	70
Time Management	40	100
Total Quality Management	40	90

Several respondents offered the following additional suggestions for staff development programs:

1. Computer utilization
2. Leadership training
3. Student services activities
4. Continuing education and community services programming
5. Recruitment and retention planning

CONCLUSION

The financial, management, and institutional trends of Arkansas community and technical colleges appear to be similar to those of community and technical colleges across the country. Enrollments at most institutions show a steady upward trend and budgets are growing, but, often in amounts inadequate to compensate for rising costs. Arkansas two-year institutions are

responding to these trends by raising tuition, increasing the number of part-time faculty, and seeking new sources of revenue.

An overall analysis of the survey responses indicate that the community colleges have more experience dealing with the issues and problems of today's higher education environment than do the technical colleges. This view is supported by the fact that a majority of the technical colleges expressed a desire to participate in staff development programs related to various institutional advancement and managerial topics; whereas, only a few of the community colleges expressed a desire to participate in such activities.

IMPLICATIONS FOR PRACTICE

Five implications for practice evolved from this study. First, Arkansas community and technical colleges are spending more time on controlling expenditures and seeking new revenue sources. This is characteristic of many community colleges nationwide during this period of limited resources. Therefore, community college leaders today must increasingly demonstrate effective managerial and institutional advancement skills. Campus priorities consistent with institutional mission must be established and vigorously pursued. Programs and services which are inconsistent and/or not cost-effective should be revamped or eliminated. Second, staff development will continue to be a high priority item, especially for developing institutions. Staff development needs must be carefully assessed for those functional areas where additional training will enhance the ability of staff members to respond to changing economic conditions. Third, if revenues continue to increase, but not at a sufficient rate essential to the delivery of quality programs and services, then two-year institutions will have to rethink the "open-door" philosophy. Enrollment restrictions should be considered. Fourth, specific community college systems may wish to replicate this study. Only through

repeated use will this survey design be perfected, thus maximizing its practical value. Fifth, community college leaders should consider the implications of the Arkansas community and technical college findings for their institutions. Lessons can be learned!

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